



BUREAU OF RECLAMATION

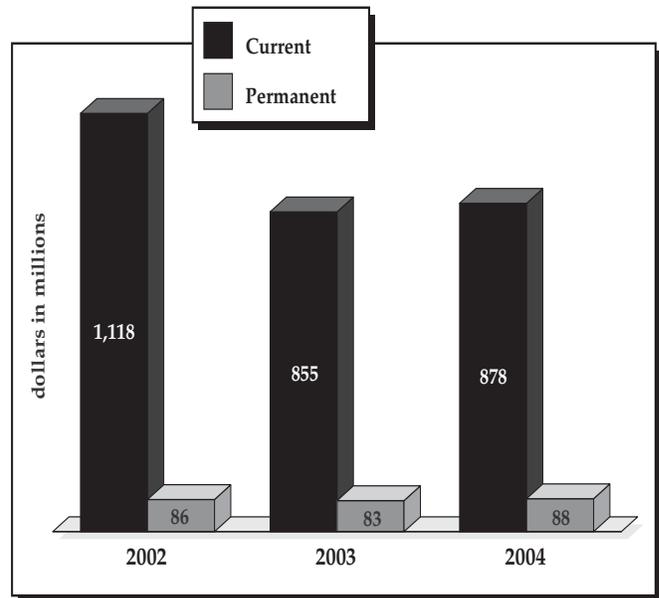
Mission – The Bureau of Reclamation’s mission is to manage, develop, and protect water and related resources in an environmentally and economically sound manner in the interest of the American public.

Program Overview – The Bureau of Reclamation is the largest supplier and manager of water in the 17 western States. Its facilities include 348 reservoirs and 456 dams with the capacity to store 245 million acre-feet of water. These facilities deliver water to one of every five western farmers for about 10 million acres of irrigated land and provide water to over 31 million people for municipal, rural, and industrial uses. Reclamation is also the Nation’s second largest producer of hydroelectric power, generating 42 billion kilowatt hours of energy each year from 58 power plants. In addition, Reclamation’s facilities provide substantial flood control, recreation, and fish and wildlife benefits.

Since its establishment in 1902, water supply facilities developed by Reclamation have contributed to sustained economic growth and an enhanced quality of life in the western States. Lands and communities served by the bureau’s projects have been developed to meet agricultural, tribal, urban, and industrial needs. In more recent years, the public has demanded better environmental protections and more recreational opportunities while municipal and industrial development have required more high quality water. Continuing population growth, especially in urban areas, will inevitably lead to even greater competition for the West’s limited water resources. These increased demands are further compounded during periods of drought.

Reclamation is committed to working with its customers, States, Tribes, and other stakeholders to find ways to balance and provide for this new mix of water resource needs in 2004 and beyond. While continuing to develop authorized facilities to store and convey new water supplies, Reclamation is placing greater emphasis on: managing its existing facilities more efficiently and effectively; enhancing the management, conservation, reclamation, and reuse of existing water supplies; expanding the use and application of science and technology; better

Reclamation Funding



understanding the requirements of the Endangered Species Act; and implementing business practices that will provide effective and efficient services to customers, partners, and employees.

Management Excellence – Reclamation continues to strive for excellence in all of the President’s management initiatives, which include competitive sourcing, strategic work force management, improved financial performance, expanded electronic government, and integrated budget and performance. Reclamation is committed to the Administration’s management reform agenda.

A new Departmental strategic plan will improve the integration of bureau activities and incorporate the President’s management agenda and the Secretary’s Citizen-Centered Governance Plan. Under the new draft plan, Reclamation’s major end outcome goals related to water use and power generation are: 1) deliver water, consistent with applicable State and Federal law, in an environmentally responsible and cost efficient manner, and 2) deliver hydropower, consistent with applicable

State and Federal law, in an environmentally responsible and cost-efficient manner. The development of intermediate outcomes for these areas will further integrate performance and budget in Reclamation, and lay the groundwork for implementation of activity-based cost management in 2004.

In 2003 the Rural Water, Hydropower, and Title XVI – Water Reclamation and Reuse programs were evaluated using the Program Assessment Rating Tool. Overall the programs are effectively managed, but performance measurement needs improvement.

Budget Overview – Total budget authority for Reclamation in 2004 is \$965.6 million, including current and permanent appropriations and offsets. The 2004 request for current appropriations is \$878.0 million, a net increase of \$23.1 million above the 2003 request, as amended.

The 2004 budget request for current appropriations is offset by discretionary receipts in the Central Valley Project Restoration Fund resulting in a net request of \$847.2 million that is an increase of \$31.9 million from the 2003 request, as amended. The request for permanent appropriations totals \$87.5 million.

Water and Related Resources – The 2004 request for this account is \$771.2 million. The account total includes an undistributed reduction of \$40.0 million in anticipation of delays in construction schedules and other planned activities. The proposal continues to emphasize: assuring operation and maintenance of Reclamation facilities in a safe, efficient, economic, and reliable manner; ensuring safety measures are in place to protect the public; sustaining the health and integrity of ecosystems while addressing the water needs of a growing population; and assisting States, Tribes, and local entities in solving contemporary water resources issues.

The 2004 request provides a total of \$348.3 million for facility operation, maintenance, and rehabilitation, an increase of \$8.3 million over the 2003 request, as amended. Providing adequate funding for these activities continues to be one of Reclamation's highest priorities. The Bureau continues to work closely with water users and other stakeholders to ensure that available funds are used effectively. These funds are used to allow the timely and effective delivery of project benefits; ensure the reliability and operational readiness of Reclamation's dams, reservoirs, power plants, and distribution systems; and identify, plan, and implement dam safety corrective actions and site security improvements.

The 2004 request includes \$71.0 million for the Dam Safety program to protect the downstream public by

ensuring the safety and reliability of Reclamation dams. The reduction of \$10.0 million from the 2003 request is due primarily to design efficiencies that will result in project savings.

The 2004 request also includes a total of \$463.0 million for resource management and development activities, an increase \$24.0 million from the 2003 request, as amended.

Western Water Initiative – The new Reclamation western water initiative will position the Department of the Interior to play a leading role in developing solutions to meet the increasing demands for the limited water resources in the West. The budget proposes \$11.0 million for the initiative that will: develop pilot projects that demonstrate how to prevent crisis-level water conflicts in the West; expand the use of science to reduce the cost of water desalination and waste disposal; design new water management programs that address environmental needs on a basin-wide scale; and strengthen the expertise of Reclamation employees in the purpose, process, and requirements of the Endangered Species Act. The water initiative is expected to benefit western communities that are struggling with increased water demands, drought, and compliance with the Endangered Species Act.

Project Requests – The budget includes \$58.0 million for the Animas La Plata Project in Colorado for the Colorado Ute Settlement Act Amendment of 2000 requirements outlined in the final record of decision. The Secretary is committed to completion of this project and requests an increase of \$25.0 million over the 2003 budget request. The work proposed for the third year of the project includes continued construction of the Ridges Basin Dam and Durango Pumping Plant and preconstruction activities for Navajo Nation Municipal Pipeline, Ridges Basin Inlet Conduit, utility relocations, and project support activities, including land acquisition. Mitigation projects will also be initiated for fish, wildlife, wetlands, and cultural resources.

The request provides \$34.1 million for the Central Arizona Project. The request includes \$170.1 million for operating, managing and improving California's Central Valley Project, including an increase of \$13.0 million for the CVP Replacements, Additions, and Extraordinary Maintenance program. The CVP request also includes the second of three \$34.0 million annual payments to the plaintiffs for the settlement of *Summer Peck Ranch Inc. v. Bureau of Reclamation*.

The Reclamation budget puts increased emphasis on resolving water management and delivery issues that involve endangered species in several western States. The Klamath Project is funded at \$20.8 million, Colum-

bia/Snake salmon recovery is funded at \$19.0 million, and the Middle Rio Grande Project is funded at \$17.4 million. Together, these programs are funded at \$12.5 million above the 2003 request.

Collectively, the 2004 budget request includes \$32.3 million for rural water projects – Garrison Diversion Unit, Mni Wiconi, Mid-Dakota – which is a 53 percent reduction. No funding is provided for the Lewis and Clark Rural Water Project. The findings in the OMB Program Assessment Rating Tool process indicated that a new approach was necessary for rural water delivery programs. Findings indicated the rural water program should be scaled back until systematic program weaknesses, such as non-existent guidelines for eligibility, local cost share, and program planning, are in place. In the long term, the water needs of these communities may benefit from the new western water initiative that will help communities look at new technologies and new management strategies for their water resources.

Other funds requested would assist the Bureau in meeting objectives in the areas of improved water management and environmental compliance. Examples include \$13.8 million for the Lower Colorado River Operations program and \$14.9 million for the Colorado River Storage Project.

Central Valley Project Restoration Fund – The 2004 Reclamation budget includes a request for \$39.6 million from the Central Valley Project Restoration Fund, which is the estimated level of collections from CVP water and power users. The request is financed, in part, by collecting an estimated \$30.8 million in additional mitigation and restoration charges authorized by the Central Valley Project Improvement Act.

The 2004 program funds a wide variety of activities to restore fish and wildlife habitat and populations in the CVP area of California, including: acquisition of water for anadromous fish and other environmental purposes; providing for long-term water deliveries to wildlife refuges; continuation of the Anadromous Fish Restoration Plan; restoration of land to improve wildlife habitat, conserve water, and reduce drainage; and continued funding for fish screens on diversions along the Sacramento River.

California Bay-Delta Restoration – In August 2000, Federal and State officials signed a record of decision finaliz-

ing a long-term, \$8.7 billion plan for restoring the San Francisco Bay-San Joaquin River Delta, the principal hub of California's water distribution system. The goals of the Bay-Delta program are to improve water quality, habitat and ecological functions, and water supply reliability, while reducing the risk of catastrophic breaching of Delta levees.

The 2004 budget proposal includes \$15.0 million for the implementation of Stage 1 activities consistent with existing authorities. These activities are included in the preferred program alternative recommended by CALFED and approved by the Secretary of the Interior. The majority of these funds will specifically address the environmental water account, water storage, and program administration.

Working Capital Fund – This fund is operated for the purpose of managing financial activities such as acquisition and replacement of capital equipment, recovery of the cost of service provided to others, and indirect cost recovery of the Technical Service Center and management service and human resources regional and area offices. The fund operates on a self-supporting basis through user charges that are deposited in the fund.

The 2004 budget includes a reduction of \$4.5 million in the Working Capital Fund from savings related to information technology management reforms. This reduction is possible due to the availability of unobligated balances that can be cancelled. The Department is undertaking significant information technology reforms to improve the management of IT investments, to improve the security of systems and information, and to realize short and long-term efficiencies and savings. The Department's corporate approach includes consolidated purchases of hardware and software; consolidation of support functions that include help desks, e-mail support, and web services; and coordination of training.

Other Accounts – Funding of \$200,000 is requested for administration of the Loan Program. No funding is requested to initiate the final "grandfathered" loan application program in 2004. The request for Policy and Administration, the account that finances Reclamation's central management functions, is \$56.5 million. Permanent appropriations available in the Colorado River Dam Fund are estimated to be \$80.2 million in 2004.

SUMMARY OF BUREAU APPROPRIATIONS
(all dollar amounts in thousands)

Comparison of 2004 Request with 2003 President's Budget:

	2003 Budget		2004 Request		Change from 2003	
	FTE	Amount	FTE	Amount	FTE	Amount
Appropriations						
Water and Related Resources	3,121	741,047	3,127	771,217	+6	+30,170
Loan Program	0	0	2	200	+2	+200
Policy and Administration	335	54,870	335	56,525	0	+1,655
CVP Restoration Fund	23	48,904	23	39,600	0	-9,304
California Bay-Delta Restoration	10	15,000	10	15,000	0	0
San Gabriel Basin Restoration Fund	0	-4,900	0	0	0	+4,900
Working Capital Fund	1,745	0	1,737	-4,525	-8	-4,525
Subtotal, Appropriations *	5,234	854,921	5,234	878,017	0	+23,096
Permanents and Other						
Colorado River Dam Fund,						
Boulder Canyon Project	202	80,447	202	80,166	0	-281
Basin Funds	190	0	190	0	0	0
Loan Program Subsidy re-estimate	0	427	0	0	0	-427
Loan Program Liquidating Account	0	-2,479	0	-2,511	0	-32
Miscellaneous Permanents	0	280	0	280	0	0
Reclamation Trust Funds	2	4,200	2	9,600	0	+5,400
Subtotal, Permanents and Trusts	394	82,875	394	87,535	0	+4,660
TOTAL, BUREAU OF RECLAMATION	5,628	937,796	5,628	965,552	0	+27,756

* Note: For scorekeeping purposes, Reclamation's current budget authority is offset by discretionary receipts in the CVP Restoration Fund of \$39.6 million in 2003 and \$30.8 million in 2004.

HIGHLIGHTS OF BUDGET CHANGES
By Appropriation Activity/Subactivity

APPROPRIATION: Water and Related Resources

	<u>2002 Actual</u>	<u>2003 Budget</u>	<u>2004 Request</u>	<u>Change from 2003 Budget</u>
Animas La Plata Project	18,399	33,000	58,000	+25,000
Boise Area Projects	9,692	5,906	6,684	+778
Central Arizona Project	33,192	34,783	34,087	-696
Central Valley Project	143,691	149,873*	170,092	+20,219
Colorado River Basin Salinity Control ..	22,127	24,062	23,752	-310
Colorado River Storage Project	8,190	13,472	14,936	+1,464
Columbia Basin Project	10,503	10,831	8,982	-1,849
Columbia/Snake River				
Salmon Recovery	9,689	15,000	19,000	+4,000
Dam Safety Program	58,273	80,950	70,953	-9,997
Endangered Species				
Recovery Implementation	11,228	12,747	13,371	+624
Garrison Diversion Unit	24,608	25,239	17,314	-7,925
Klamath Project	15,928	14,267	20,817	+6,550
Lower Colorado River Ops Program	13,280	12,421	13,822	+1,401
Mid-Dakota Project	14,397	10,040	2,015	-8,025
Middle Rio Grande Project	26,366	15,463	17,388	+1,925
Mni Wiconi Project	34,228	31,520	12,971	-18,549
Native American Affairs	6,855	8,500	8,600	+100
Natural Desert Terminal Lake	200,000	0	0	0
Pick-Sloan Missouri Basin Program	59,026	33,587	37,707	+4,120
Science and Technology Program	10,340	7,150	9,305	+2,155
Site Security Activities	32,014	28,440	28,583	+143
Water Management and Conservation ..	6,850	6,581	6,639	+58
Water Reclamation/Reuse Projects	38,793	11,550*	12,680	+1,130
Western Water Initiative	0	0	11,000	+11,000
Yakima Project/Basin Water Enhance ..	17,616	18,654	19,975	+1,321
Yuma Area Project	20,215	20,765	22,672	+1,907
Other Project/Programs	156,805	154,188	149,902	-4,286
Underfinancing	Applied	-37,942	-40,030	-2,088
TOTAL	1,002,305	741,047	771,217	30,170

* The 2003 column reflects the budget amendment for the \$34 million payment to the plaintiffs for settlement of *Sumner Peck Ranch Inc. v. Bureau of Reclamation*.

Program Highlights

The 2004 request includes funds for the following projects and programs.

Animas La Plata Project

The Colorado Ute Settlement Act Amendments of 2000 (Title III of P.L. 106-554, December 21, 2000) provide for the implementation and completion of the Animas LaPlata Project. The basic facilities to be constructed include Ridges Basin Dam and Reservoir; Durango Pumping Plant; Ridges Basin Inlet Conduit; and the Navajo Nation Municipal Pipeline. Other significant activities include a variety of fish, wildlife, wetlands, and cultural resources mitigation projects.

Boise Area Projects

The request provides funds for continued operation, maintenance, and rehabilitation of project facilities, including an ongoing 4-year program for replacement of the original twenty ensign valves at Arrowrock Dam with clamshell gates to ensure safe operation.

Central Arizona Project

Funds are requested for continued construction of the Gila River Indian Community Distribution System and other Indian distribution systems; work on recreation development; native fish protection; fulfilling endangered species mitigation commitments for Roosevelt Dam and for the Central Arizona Project Aqueduct; and design work with Tucson area municipal entities on Tucson Aqueduct reliability.

Central Valley Project

Funds are requested for continued facility operations, maintenance, and rehabilitation, and for numerous management and development efforts, including construction of Placer County Water Agency Permanent Pump Facility, water conservation and drainage management programs, the Trinity River Restoration Program, construction of screens on unscreened diversions, and mitigation of fish losses at Tracy Pumping Plant. Related activities will be funded by the Central Valley Project Restoration Fund. Funds are also requested for the second of three \$34 million installments for the settlement of *Sumner Peck Ranch Inc. v. Bureau of Reclamation*.

Colorado River Basin Salinity Control Program, Title I

The Yuma Desalting Plant will be maintained in ready reserve status. Funds are provided for operation, maintenance, and rehabilitation of completed projects in the Upper Colorado River Basin and for a basinwide program to identify and implement cost effective salinity control options based on proposals from non-Federal interests.

Colorado River Storage Project, Sections 5 and 8

Funds are requested for the Federal share of the costs of facility operations, maintenance, and rehabilitation, including the rehabilitation of recreation facilities at Reclamation constructed reservoirs. Funds are provided for repairs at the Upper Stillwater Dam. Implementation of mitigation measures continue, including work on temperature control modifications on Glen Canyon Dam.

Columbia and Snake River Salmon Recovery

This program addresses requirements in biological opinions issued in December 2000 by the National Marine Fisheries Service and the FWS. These requirements include significantly increased regional coordination efforts; actions to modify the daily, weekly, and seasonal operation of Reclamation dams; acquisition of water flow augmentation; off-site mitigation studies of hydro system impacts in selected subbasins; and significantly increased research, monitoring, and evaluation.

Dam Safety Program

Funds are requested for the Safety Evaluation of Existing Dams program, for corrective actions on individual dams, and for other dam safety activities. Continues dam safety risk management and risk reduction activities at Reclamation's 362 high and significant hazard dams. Corrective actions will continue or start on: Horsetooth Dam (CO), Wickiup Dam (OR), Deer Creek Dam (UT), Pineview Dam (UT), and Keechelus Dam (WA). Funds are also provided for minor modifications at other facilities, and for the Department of the Interior Dam Safety program.

Endangered Species Recovery Implementation

This program provides for the development and implementation of measures for the preservation, conservation, and recovery of native and endangered, threatened, proposed, and candidate species that reside in, or migrate through, habitats affected by the operation of Reclamation projects. Ongoing efforts funded by this program involve the Colorado, San Juan, and Platte river basins, as well as watersheds in the Pacific Northwest.

Garrison Diversion Unit

Funds are requested for grants to the State of North Dakota for municipal, rural, and industrial water projects, for development of Indian irrigation facilities, for work at several wildlife refuges, and for operation and maintenance of completed project facilities.

Klamath Project

The request continues funding for studies and initiatives related to improving water supply and water quality to meet agriculture, tribal, wildlife refuge, and environmental needs in the Klamath River Basin; and for improvements in fish passage and habitat.

Lower Colorado River Operations Program

This program funds work necessary to carry out the Secretary's responsibilities as water master of the lower Colorado River. It also funds measures required by the interim biological opinion on Reclamation's lower Colorado River operations, and development of a multi-species conservation program to provide a basis for Endangered Species Act compliance on the lower Colorado River over the long term.

Mid-Dakota Project

This program provides for grants to the project sponsor for construction of water supply transmission lines and storage reservoirs.

Middle Rio Grande Project

Funds are provided for operations, maintenance, and rehabilitation of project facilities, and for efforts focused on the protection and recovery of the Rio Grande silvery minnow and southwestern willow flycatcher.

Mni Wiconi Project

Funds are requested for design and construction activities on the Oglala Sioux, Rosebud Sioux, Lower Brule Sioux, and West River/Lyman-Jones Rural Water Systems; and for operation and maintenance of new and existing facilities on the three Indian reservations.

Native American Affairs Program

This program provides funding for efforts to promote the successful application of Reclamation programs to Indian issues and needs; for support for Indian water rights negotiations for the implementation of enacted settlements; and for assistance to Tribes in their efforts to become self-sufficient in the management and development of their water resources.

Natural Desert Terminal Lakes Project

As part of the Farm Bill, \$200 million was transferred to Reclamation for at-risk natural desert terminal lakes.

Pick-Sloan Missouri Basin Program

Funds are provided for the Federal share of the costs of operations, maintenance, and rehabilitation of the Pick-Sloan Missouri Basin Program facilities.

Science and Technology Program

Funds are requested for development of new information and technologies that respond to Reclamation's mission-related needs, and that provide for innovative management, development, and protection of water and related resources through cost-shared research and technology transfer.

Site Security Activities

Funds are requested to continue Reclamation's ongoing security efforts including over all program management; site security, including guards and surveillance; and security improvements.

Water Management and Conservation Program

The request includes funds for technical assistance in support of water management and conservation efforts by water users, and for such activities as water quality monitoring in cooperation with State and local entities.

Water Reclamation and Reuse Projects, Title XVI

Funds are requested to continue Federal cost-sharing for nine water reclamation and reuse projects and studies in California and Arizona; and to conduct water recycling and desalination research program, as well as studies of potential water recycling projects.

Western Water Initiative

To complement its core activities, Reclamation is proposing a new initiative totaling \$11 million that is directed at enhancing its efficiency and performance in water and power delivery. The initiative includes Enhanced Water Management and Conservation; Expanded Science and Technology; Preventing Water Management Crisis; and Strengthening Endangered Species Act

Expertise and will result in enhanced efficiency in the operation of Bureau of Reclamation programs and projects. They will improve the Bureau's performance in carrying out its core mission functions: the delivery of water and power in an environmentally sound and cost efficient manner. Ultimately, the Bureau of Reclamation will develop a forward looking 21st century water resource management program that will respond to the growing demand for water in the West, as opposed to costly crisis management approaches demonstrated and required by the Klamath River and the Middle Rio Grande basins.

Yakima Project/Basin Water Enhancement

Work includes operation and maintenance of existing facilities in cooperation with the Bonneville Power Administration, and the implementation of water conservation, fish, and wildlife improvements, and other measures authorized by the Yakima River Basin Water Enhancement Act.

Yuma Area Projects

The request funds infrastructure maintenance along the lower Colorado River necessary to ensure uninterrupted water delivery to both urban and agricultural users in Arizona and California, and to Mexico. Work also includes river management, well inventory, flood and drainage control, protection of endangered species and their habitat, and land use management activities.

APPROPRIATION: Loan Program

	<u>2002 Actual</u>	<u>2003 Budget</u>	<u>2004 Request</u>	<u>Change from 2003 Budget</u>
Loan Program	7,295	0	0	0
Program Administration	0	0	200	+200
TOTAL APPROPRIATION	7,295	0	200	+200

Program Highlights

Loan Program

No funding is requested to initiate the final "grandfathered" loan application program. Funds are requested for program administration.

APPROPRIATION: Policy and Administration

	<u>2002 Actual</u>	<u>2003 Budget</u>	<u>2004 Request</u>	<u>Change from 2003 Budget</u>
TOTAL APPROPRIATION	52,937	54,870	56,525	1,655

Program Highlights

Policy and Administration

This appropriation funds all of Reclamation's centralized management functions, and supports management and administrative activities that are not directly chargeable to a specific project or program.

APPROPRIATION: Central Valley Project Restoration Fund

	<u>2002 Actual</u>	<u>2003 Budget</u>	<u>2004 Request</u>	<u>Change from 2003 Budget</u>
Fish and Wildlife Resources Habitat	39,932	42,971	35,332	-7,639
Fish and Wildlife Resources Mgt	15,106	5,933	4,268	-1,665
TOTAL APPROPRIATION	55,038	48,904	39,600	-9,304

Program Highlights**Central Valley Project Restoration Fund**

Funds collected from project beneficiaries are used for the protection, restoration, and enhancement of fish and wildlife and associated habitat in the Central Valley Project area of California; includes land retirement activities to reduce drainage. Programs are planned in cooperation with US Fish & Wildlife Service and the Central Valley Project Restoration Fund Roundtable.

APPROPRIATION: California Bay-Delta Restoration

	<u>2002 Actual</u>	<u>2003 Budget</u>	<u>2004 Request</u>	<u>Change from 2003 Budget</u>
TOTAL APPROPRIATION	0	15,000	15,000	0

Program Highlights**California Bay-Delta Restoration**

This account funds activities that are consistent with the objectives of the CALFED Bay-Delta program. Funds are requested in 2004 for the Reclamation share of the costs to continue work on studies addressing water storage.